



## **Economic Impact Analysis Virginia Department of Planning and Budget**

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### **18 VAC 60-20 – Regulations Governing the Practice of Dentistry Department of Health Professions (DHP), Board of Dentistry**

March 19, 2002

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The Department of Planning and Budget (DPB) has analyzed the economic impact of this proposed regulation in accordance with Section 9-6.14:7.1.G of the Administrative Process Act and Executive Order Number 25 (98). Section 9-6.14:7.1.G requires that such economic impact analyses include, but need not be limited to, the projected number of businesses or other entities to whom the regulation would apply, the identity of any localities and types of businesses or other entities particularly affected, the projected number of persons and employment positions to be affected, the projected costs to affected businesses or entities to implement or comply with the regulation, and the impact on the use and value of private property. The analysis presented below represents DPB's best estimate of these economic impacts.

### **Summary of the Proposed Regulation**

The proposed regulation increases various fees paid by dentists and dental hygienists to the Board of Dentistry. The purpose of these fee increases is to bring the Board into compliance with the Board's interpretation of § 54.1-113 of the Code of Virginia. Section 54.1-113 requires all regulatory boards under the Department of Health Professions to revise their fee schedules if, after the close of any biennium, there is more than a 10 percent difference between revenues and expenditures. The proposed fee changes are as follows:

#### *Dentists*

- Annual renewal of an active license will increase from \$100 to \$150; Annual renewal of an inactive license will increase from \$65 to \$75;
- The fee for a restricted license issued in accordance with §54.1-2714 of the Code of Virginia will increase from \$100 to \$150;
- Reinstatement of a lapsed license (a license not renewed within one year after expiration) will require payment of the renewal fee (\$150) and a reinstatement fee of \$225; current regulations require paying accumulated penalty fees which could total up to \$600;

*Dental Hygienists*

- Application for licensure by examination will decrease from \$160 to \$135;
- Application for licensure by endorsement will decrease from \$225 to \$135;
- Annual renewal of an active license will increase from \$40 to \$50;
- The penalty for late renewal of a license is reduced from \$35 to \$20;
- Reinstatement of a lapsed license (a license not renewed within one year after expiration) will require payment of the renewal fee (\$50) and a reinstatement fee of \$135; current regulations require paying accumulated penalty fees which could total up to \$420;

*Miscellaneous fees*

- The cost of obtaining a duplicate wall certificate will be raised from \$15 to \$25;
- A returned check charge of \$25 is established.

**Estimated Economic Impact**

The agency reports that it last raised fees in 1998, and states that its expenditures have risen and will continue to rise. Under the current fee structure, the Board of Dentistry projects a \$269,000 deficit for the 2000-2002 biennium. The agency cites an increase in staff salaries and benefits and the general cost of doing business, as well as increased expenses associated with the health practitioner intervention program as contributing to the unexpected increase in costs. The proposed fee increases would substantially reduce the projected deficits during the 2000-2002 and 2002-2004 bienniums and thereafter would begin to generate a modest surplus, thereby bringing the Board into compliance with the Code.

The level of the proposed fee increases is based on revenue and expenditure projections prepared by DHP for the Board of Dentistry. The proposed amounts were selected such that projected revenues would be sufficient to cover projected expenditures but would not result in anything more than a modest surplus.

While the proposed regulation does reduce some fees charged by the Board of Dentistry, the net effect of the new fees will be an increase in licensure costs for dentists and dental hygienists licensed in Virginia. Specifically, renewal fees paid by licensed dental practitioners will increase by approximately \$280,000 per year. According to DHP, the proposed fee

increases are necessary to prevent a delay in the performance of or the elimination of investigations and disciplinary proceedings, application processing, and license renewals, a delay that could negatively affect public health and safety and reduce the supply of dental services in Virginia.

Although the total increase in compliance costs is substantial, from an individual perspective, these fees represent a very small portion of the total cost of entry into the dental profession (e.g., the *total* cost of entry includes all education and training expenses). The proposed fee changes, therefore, are unlikely to have a significant effect on the decision of individuals to enter or exit this profession. For this reason, the proposed regulatory changes should have no economic consequences beyond the anticipated increase in licensing costs.

### **Businesses and Entities Affected**

There are currently approximately 8,500 dentists and dental hygienists licensed by the Board of Dentistry in Virginia.

### **Localities Particularly Affected**

The proposed fee changes will not affect any particular localities since they apply statewide.

### **Projected Impact on Employment**

Since the application and licensure renewal fees represent a very small portion of the total cost of entry into the dental profession, no significant impact on employment in Virginia is expected.

### **Effects on the Use and Value of Private Property**

The proposed fee changes are not expected to have any significant effects on the use and value of private property in Virginia.